

EXHIBIT 9-F

SCENARIOS THAT GENERATE PROGRAM INCOME

Rental projects

- Grantee is a City and the housing authority owns the building. No program income is generated. Any rental income from the project is considered operating income.
- Grantee is a housing authority and the housing authority owns the building. Program income is generated.
- Grantee is a City and lends funds to a non-profit to help build 20 rental units. The non-profit makes principal and interest payments to the City on a monthly basis. The principal and interest payments are program income. If the grantee has an equity sharing agreement with the non-profit, any equity received by the grantee is program income. Any rental income from the property is considered operating income and is not program income.

Homeownership projects

- Grantee is a County, which will rehabilitate 15 owner-occupied homes. The County lends funds to the homeowner. The homeowner moves within the period of affordability. Any of the initial investment and any interest that the County receives is program income.
- Grantee is a City, which will assist 20 first-time homebuyers. The City provides down payment and closing cost assistance with a deferred loan. The homebuyer sells the home after 2 years. Any of the grantee's initial investment and any interest earned and/or equity share received is program income.
- Grantee is a CHDO, which will provide down payment and closing costs to 40 first-time homebuyers. The CHDO lends HOME funds to the participant, who makes principal and interest payments on a monthly basis. The principal and interest payments are program income. If the grantee has an equity sharing agreement with the participant, any equity received by the grantee is program income.

Note: The funds generated by this down payment and closing cost assistance program are not CHDO proceeds, even though the grantee is a CHDO because the activity is not a CHDO-activity.

All Projects

- Program income must be reported to the HOME Program quarterly, including how the funds were generated, and to which activity funds were used.
- Program income must be used for HOME-eligible activities.
- The amount of program income that may be used for soft costs depends upon the type of HOME-eligible activity for which it is used: 8% NC/TBRA/ACQ; 10% HB Assistance; 12% Rehabilitation.